CHANGE

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

1500.14A CHG 2

6/24/88

SUBJ: TRAVEL MANUAL

1. PURPOSE. This change transmits Change 3 to Order DOT 1500.6A, Travel Manual, which is included as appendix 1 to FAA Order 1500.14A. Filing instructions for this change are provided in paragraph 3 of the DOT page change.

2. DISTRIBUTION. This change is distributed to branch level in the FAA headquarters and regions; to section levels at the centers; and to resident directors. A limited distribution is made to all field offices and facilities; and copies are furnished to addresses on the ZAA-388 special distribution list.

E. M. Keeling
Director of Accounting

Distribution: A-WX-3; A-YZ-4; A-E-1; A-FOF-0(LTD); ZAA-388; M-80(2); GAO-1(3); FAA-15

Initiated By: AAA-300

U.S. Department of Transportation

Office of the Secretary of Transportation

FAA Order 1500.14A CHG 2
Appendix 1
6/24/88

PAGE CHANGE

DOT 1500.6A
Chg 3

11-6-87

Subject: TRAVEL MANUAL - CHANGE

1. PURPOSE. This Page Change transmits a change to DOT 1500.6A, Travel Manual, of 1-2-85.

2. EXPLANATION OF CHANGE. This change provides Departmental policies and procedures on the following employee entitlements:

   a. Relocation Income Tax (RIT) Allowance (Section 12, Chapter 5). This allowance is intended to cover employees' additional income tax liabilities resulting from reimbursements and benefits received incident to their official changes of station. The authority for payment of the RIT allowance is contained in 5 U.S.C. 5724b and the Federal Travel Regulations.

   b. Emergency Travel (Chapter 11). Provisions have been included in the Manual to permit the reimbursement of travel expenses to employees on official travel who experience personal emergencies. The authority for this entitlement is 5 U.S.C. 5702(b) and the Federal Travel Regulations.

   c. Travel Expenses for Threatened Law Enforcement Personnel (Chapter 12). A chapter has been added to provide for the payment of subsistence and transportation expenses for law enforcement/investigative employees who are threatened incident to their Federal service. The authority for this change is 5 U.S.C. 5706a and the Federal Travel Regulations.

3. FILING INSTRUCTIONS.

   a.

Remove Pages	Dated	Insert Pages	Dated
i (and ii)	1-2-85	i (and ii)	11-6-87
5-ix and 5-x	7-29-87	5-ix	7-29-87
		5-x thru 5-xii	11-6-87
5-101 thru 5-104	1-2-85*	5-113 thru 5-142	11-6-87
		11-i (and 11-ii)	11-6-87
		11-1 thru 11-6	11-6-87
		12-i (and 12-ii)	11-6-87
		12-1 thru 12-4	11-6-87
		Appendix G	11-6-87

*Do not remove pages 5-101 thru 5-104, dated 7-29-87.

DISTRIBUTION: All Secretarial Offices
All Operating Administrations

OPI: Office of Financial Management

b. This transmittal sheet should be filed with the Travel Manual for reference purposes.

FOR THE SECRETARY OF TRANSPORTATION:

Melissa J. Allen
For the Assistant Secretary
for Administration

TRAVEL MANUAL

INDEX TO CHAPTERS AND APPENDIXES

CHAPTERS

APPENDIXES

Vertical line denotes change.

SECTION 11. RELOCATION SERVICES PROGRAM

SECTION 12. RELOCATION INCOME TAX ALLOWANCE

Vertical line denotes change.

Vertical line denotes change.

SECTION 12. RELOCATION INCOME TAX ALLOWANCE

5-1201. AUTHORITY. Payment of a relocation income tax (RIT) allowance is authorized to reimburse eligible transferred employees for substantially all of the additional Federal, State, and local income taxes incurred by the employee, or by the employee and spouse if a joint tax return is filed, as a result of certain travel and transportation expenses and relocation allowances which are furnished in kind, or for which reimbursement or an allowance is provided by the Government (5 U.S.C. 5724b, as amended). The RIT allowance shall be calculated and paid as provided in this section.

5-1202. COVERAGE.

a. Eligible Employees. Payment of a RIT allowance is authorized for employees transferred in the interest of the Government on or after November 14, 1983, from one official station to another for permanent duty. The effective date of an employee's transfer is the date the employee reports for duty at the new official station.

b. Individuals Not Covered. The provisions of this section are not applicable to the following individuals or employees:

(1) New appointees, including new appointees to shortage category or Senior Executive Service positions, new Presidential appointees and new appointees to overseas posts of duty;

(2) Employees assigned under the Government Employees Training Act (see 5 U.S.C. 4109); or

(3) Employees returning from overseas assignments for the purpose of separation.

5-1203. LIMITATIONS ON MOVING EXPENSES OR ALLOWANCES COVERED. By law, the RIT allowance provides coverage for additional income taxes only on specific moving expenses. The law authorizes reimbursement resulting from taxes paid on certain moving expenses furnished in kind or expenses for which reimbursement or an allowance is provided by the Government. However, such moving expenses are covered by the RIT allowance only to the extent that they are actually paid (or incurred) and are not allowable as moving expense deductions for tax purposes. The specific provisions of this chapter pertaining to each type of allowance listed herein should be consulted for additional information. Also, see section 217 of the Internal Revenue Code (IRC), 26 U.S.C. 217, Internal Revenue Service (IRS) Publication

Vertical line denotes change.

521 entitled "Moving Expenses" and appropriate State and local tax authority publications for additional information on the taxability of moving expense reimbursements and the allowable tax deductions for moving expenses. The following types of expenses or allowances are covered by the RIT allowance within the limitations discussed:

a. En Route Travel. Travel (including per diem) and transportation expenses of the transferred employee and immediate family for en route travel from the old official station to the new official station.

b. Household Goods Shipment. Transportation (including temporary storage) expenses for movement of household goods from the old official station to the new official station.

c. Nontemporary Storage Expenses. Allowable expenses for nontemporary storage of household goods belonging to an employee transferred on or after November 14, 1983, through October 11, 1984, to an isolated location in the continental United States. Nontemporary storage expenses are not covered by the RIT allowance for transfers on or after October 12, 1984.

d. Mobile Home Movement. Expenses for the movement of a mobile home for use as a residence when movement is authorized instead of shipment and temporary storage of household goods.

e. Househunting Trip. Travel (including per diem) and transportation expenses of the employee and spouse for one round-trip to the new official station to seek permanent residence quarters.

f. Temporary Quarters. Subsistence expenses of the employee and immediate family during occupancy of temporary quarters.

g. Real Estate Expenses. Allowable expenses for which reimbursement is received by the employee for the sale of the residence (or expenses of settlement of an unexpired lease) at the old official station and for purchase of a home at the new official station.

h. Miscellaneous Expense Allowance. A miscellaneous expense allowance for the purpose of defraying certain expenses associated with discontinuing a residence at one location and establishing a residence at the new location in connection with an authorized or approved permanent change of station.

Vertical line denotes change.

i. Relocation Services. Payments, or portions thereof, made to a relocation service company pursuant to a contract with the agency to the extent such payments constitute income to the employee.

5-1204. EXCLUSIONS FROM COVERAGE. The provisions of this section are not applicable to the following:

a. Any tax liability that may result from payments by the Government to relocation companies on behalf of employees transferred on or after November 14, 1983, through October 11, 1984.

b. Any tax liability incurred for local income taxes (as defined in paragraph 5-1205) other than city income tax as a result of moving expense reimbursements for employees transferred on or after November 14, 1983, through October 11, 1984.

c. Any tax liability resulting from reimbursed expenses for any nontemporary storage of household goods except as specifically provided for in paragraph 5-1203c.

d. Any tax liability resulting from paid or reimbursed expenses for shipment of a privately owned automobile.

e. Any tax liability resulting from an excess of reimbursed amounts over the actual expense paid or incurred. For instance, if an employee's reimbursement for the movement of household goods is based on the commuted rate schedule and his/her actual moving expenses are less than the reimbursement, the difference is not covered by the RIT allowance.

f. Any tax liability resulting from an employee's decision not to deduct moving expenses for which a tax deduction is allowable under the IRC or appropriate State and local tax codes.

5-1205. DEFINITIONS AND DISCUSSION OF TERMS. For purposes of this section, the following definitions will apply:

a. State Income Tax. A tax imposed by a State tax authority that is deductible for Federal income tax purposes as a State income tax under section 164(a)(3) of the IRC (26 U.S.C.164(a)(3)). "State" means any one of the several States of the United States and the District of Columbia.

Vertical line denotes change.

b. Local Income Tax. A tax imposed by a recognized city or county tax authority that is deductible for Federal income tax purposes as a local (city or county) income tax under section 164(a)(3) of the IRC (26 U.S.C. 164(a)(3)); except that, for employees transferred on or after November 14, 1983, through October 11, 1984, local income tax shall be construed to mean only city income tax. For purposes of this section:

(1) "City" means any unit of general local government which is classified as a municipality by the Bureau of the Census, or any unit which is a town or township that in the determination of the Secretary of the Treasury possesses powers and performs functions comparable to those associated with municipalities, is closely settled, and contains within its boundaries no incorporated places as defined by the Bureau of the Census (31 CFR 215.2(b)(1)).

(2) "County" means any unit of local general government which is classified as a county by the Bureau of the Census (31 CFR 215.2(e)).

c. Covered Moving Expense Reimbursements or Covered Reimbursements. As used herein, these terms include those moving expenses listed in paragraph 5-1203 as being covered by the RIT allowance which may be furnished in kind or for which reimbursement or an allowance is provided by the Government.

d. Covered Taxable Reimbursements. Covered moving expense reimbursements minus the allowable tax deductions for moving expenses.

e. Year 1 or Reimbursement Year. The calendar year in which reimbursement or payment for moving expenses is made to, or for, the employee under the provisions of this chapter. All or part of these reimbursements are reported as income (wages, salary or other compensation) to the employee for that tax year under the provisions of the IRC and IRS regulations and are subject to Federal tax withholding. A withholding tax allowance (WTA) (see paragraph 5-1205n, below) is calculated in Year 1 to cover the employee's Federal tax withholding obligations each time reimbursements are made that result in a withholding obligation. For purposes of this section, an advance of funds for any of the covered moving expenses is not considered to be a reimbursement or a payment until the travel voucher settlement for such expenses takes place. If an employee's reimbursement for moving expenses is spread over more than one year, he/she will have more than one Year 1.

Vertical line denotes change.

f. Year 2. The calendar year in which a claim for the RIT allowance is paid.

(1) Generally, Year 2 will be the calendar year immediately following Year 1 and the year in which the employee files a tax return reflecting his/her tax liability for income received in Year 1. However, there may be instances where the employee's claims submission and/or payment of the RIT allowance is delayed beyond the calendar year immediately following Year 1. (Year 1 will always be the calendar year that reimbursements are received.) Year 2 will be the calendar year in which the RIT allowance is actually paid.

(2) The RIT allowance is calculated in Year 2 and paid to cover the additional tax liability (resulting from moving expense reimbursements received in Year 1) not covered by the WTA paid in Year 1. If an employee's covered taxable reimbursements are spread over more than one year, he/she will have more than one Year 2.

g. Federal Withholding Tax Rate (FWTR). The tax rate applied to incremental income to determine the amount to be withheld for Federal income tax from salary or other compensation such as moving expense reimbursements. Because moving expense reimbursements constitute supplemental wages for Federal income tax purposes, a 20 percent flat rate of withholding is generally applicable to such reimbursements. Complete information on this subject can be found in the Treasury Fiscal Requirements Manual, ITFRM 3-5000, and applicable IRS regulations.

h. Earned Income. For purposes of the RIT allowance, earned income shall include only the gross compensation (salary, wages, or other compensation such as reimbursement for moving expenses and the related WTA and any RIT allowance paid for moving expense reimbursement in a prior year) that is reported as income on IRS Form W-2 for the employee (employee and spouse, if filing jointly), and if applicable, the net earnings (or loss) from self-employment income shown on Schedule SE of IRS Form 1040. Earned income may be from more than one source.

i. Marginal Tax Rate (MTR). The tax rate (for example 35%) applicable to a specific increment of income. The Federal and State marginal tax rates to be used in calculating the RIT allowance are provided in Appendix G. These rates are updated annually by GSA in the Federal Register. See paragraph 5-1208 for instructions on local marginal tax rate determinations.

j. Combined Marginal Tax Rate (CMTR). A single rate determined by combining the applicable marginal tax rates for Federal, State and local income taxes, using the formula provided in paragraph 5-1208.

k. Gross-up. Payment for the estimated additional income tax liability incurred by an employee as a result of reimbursements or payments by the Government for the covered moving expense reimbursements.

l. Gross-up Formulas. The formulas used to determine the amount of the gross-up for the WTA and RIT allowance. The formulas used herein compensate the employee for the initial tax, the tax on tax, etc.

m. RIT Allowance. The amount of payment computed in Year 2 and paid to cover substantially all of the estimated additional tax liability incurred as a result of the covered moving expense reimbursements received in Year 1.

n. Withholding Tax Allowance (WTA). The WTA, paid in Year 1, covers the employee's Federal tax withholding liability on covered taxable reimbursements received in Year 1. The amount is computed by applying the withholding gross-up formula (using the Federal withholding tax rate) each time that a Federal withholding obligation is incurred on covered moving expense reimbursements received in Year 1. Grossing-up the Federal withholding amount protects the employee from having to use part of his/her moving expense reimbursement to pay Federal withholding taxes.

5-1206. PROCEDURES IN GENERAL.

a. This section sets forth procedures for the computation and payment of the RIT allowance and defines agency and employee responsibilities. These procedures do not require changes to those internal fiscal procedures established by individual accounting offices pursuant to IRS regulations, or the Treasury Fiscal Requirements Manual, provided that the intents of the statute authorizing the RIT allowance and this section are not disturbed.

b. The total amount reimbursed or paid to the employee, or on his/her behalf, for travel, transportation and other relocation expenses and allowances is includable in the employee's gross income pursuant to the IRC and certain State or local government tax codes. Some expenses for which reimbursements are received may be deducted from income by the employee as moving expense deductions,

Vertical line denotes change.

subject to certain limitations prescribed by the IRS or pertinent State or local tax authorities. Reimbursements for nondeductible moving expenses are subject to income tax. (See IRS Publication 521 entitled "Moving Expenses" and the appropriate State and local tax codes for detailed information.)

c. Usually, if the employee is reimbursed for nondeductible moving expenses, the amount of these reimbursements is subject to withholding of Federal income tax at the time of reimbursement. Under existing fiscal procedures, the amount of the employee's withholding obligation is usually deducted either from reimbursements for the moving expenses at the time of reimbursement or from the employee's salary.

d. Payment of a WTA established herein will offset deductions for the Federal withholding taxes, on moving expense reimbursements and on the WTA itself, from the employee's moving expense reimbursements or from salary.

e. The total amount of the RIT allowance can be computed after the end of Year 1 as soon as the earned income level, income filing status, total covered taxable reimbursements, and the applicable marginal tax rates can be determined.

f. The procedures prescribed herein for computation and payment of the WTA and the RIT allowance are intended to build on existing fiscal procedures regarding reporting of employee income from reimbursements and withholding of taxes on supplemental wages.

5-1207. DETERMINING THE WITHHOLDING TAX ALLOWANCE IN YEAR 1.

a. General Rules. The WTA is designed to cover the employee's Federal withholding tax obligation for income resulting from covered moving expense reimbursements. Withholding tax obligations, if any, for State and/or local income taxes on moving expense reimbursements shall not be included in the calculation of the WTA payment. The amount of the WTA is equal to the Federal withholding tax obligation incurred by the employee on covered moving expense reimbursements (which are not offset by deductible moving expenses) and on the WTA itself.

~~Vertical~~ Vertical line denotes change.

b. Determination of Amount of Reimbursement Subject to Withholding. Each time that moving expenses are reimbursed to the employee, or paid on behalf of the employee, IRS regulations require that the agency determine the amount of those reimbursements that it reasonably believes will be deductible moving expenses. Reimbursements for nondeductible moving expenses are then subject to withholding of Federal income tax. Since there are some relocation expenses which may be reimbursed but are not covered reimbursements under the RIT allowance, such as nontemporary storage of household goods, the amount of the nondeductible moving expenses per IRS regulations may be different than the actual amount of covered taxable reimbursements which is subject to withholding. Because the difference in these amounts should not be substantial, the amount of nondeductible moving expenses subject to Federal withholding tax, as determined pursuant to IRS regulations, may be used in computing the WTA.

c. Determination of Federal Withholding Tax Rate (FWTR). Because moving expense reimbursements constitute supplemental wages for Federal income tax purposes, the 20 percent flat rate of withholding is generally applicable to income generated by such reimbursements.

d. Calculation of Withholding Tax Allowance (WTA). The WTA is calculated by substituting the amounts determined in subparagraphs 5-1207b and c, above, into the WTA gross-up formula shown below.

Formula: $Y = \frac{X}{1-X}(N)$

Y = WTA

X = FWTR (generally, 20 percent)

N = nondeductible moving expenses

Example: If X = 20 percent
N = $21,800

$$\text{Then } Y = \frac{.20}{1.00-.20}(\$21{,}800)$$

$$Y = .25(\$21{,}800) \text{ or } \$5{,}450$$

e. WTA Payment and Employee Agreement for Repayment.

(1) The WTA may be calculated several times within Year 1 if reimbursements for moving expenses are made on more than one travel voucher. Each time an employee is reimbursed for moving expenses which

are subject to Federal tax withholding, the WTA will be calculated and paid unless the employee fails to comply with the requirements in subparagraph (2) which follows.

(2) The employee shall be required to agree in writing to repay any excess amount paid to him/her in Year 1 and submit the required certified tax information and claim for his/her RIT allowance within six months after the close of Year 1 or some other appropriate period established by the servicing accounting officer. Failure of the employee to comply with this requirement will preclude the payment of the WTA.

f. Determination of Employee's Withholding Tax on the WTA. Since the amount of the WTA is considered income to the employee, it is subject to the same tax withholding requirements as all other moving expense reimbursements.

g. End of Year Reporting. At the end of the year, the Department is required to issue IRS Forms W-2 for each employee showing total gross compensation (including moving expense reimbursements) and the applicable amount of Federal taxes withheld. For tax reporting purposes, the WTA is to be treated as a moving expense reimbursement. The total amount of the employee's WTA's paid during the year as well as the amount of moving expense reimbursements should be included as income on the employee's Form W-2. The Federal tax withholding amount applicable to the moving expense reimbursements and the WTA should also be included on the employee's Form W-2. The amount of the WTA's also will be furnished to the employee along with moving expense reimbursements on IRS Form 4782 or another itemized listing provided for the employee's use in preparing his/her tax return and in claiming the RIT allowance.

5-1208. DETERMINING THE RIT ALLOWANCE IN YEAR 2.

a. Overview. The RIT allowance will be calculated and claimed in Year 2. This can be accomplished as soon as the employee can determine earned income, income tax filing status, covered taxable reimbursements for Year 1 and the applicable marginal tax rates. The RIT allowance is then calculated using the gross-up formula under procedures in this paragraph. Since the RIT allowance is considered income, appropriate withholding taxes on the RIT allowance are deducted and the balance constitutes the net payment to the employee.

b. General Rules and Assumptions.

(1) The procedures prescribed herein for calculation and payment of the RIT allowance are based on certain assumptions, jointly developed by GSA and IRS, and tax tables developed by IRS. This approach avoids a potentially controversial and administratively burdensome procedure requiring the employee to furnish extensive documentation, such as certified copies of actual tax returns and reconstructed returns, in support of a claim for a RIT allowance payment. Specifically it has been assumed that:

(a) The employee will claim allowable moving expense deductions for the same tax year in which the corresponding moving expense reimbursements are included in income;

(b) The employee will claim the maximum amount of deductible moving expenses allowable under the IRS tax rules when filing his/her tax return; and

(c) Prior to the Tax Reform Act of 1986, the employee's (and spouse's if a joint return is filed) earned income, filing status and combined marginal tax rate (CMTR) determined for Year 1, (and used to determine the amount of the RIT allowance in Year 2) would remain the same or would not be substantially different in the second and subsequent tax years. However, the Tax Reform Act of 1986 substantially changed the Federal tax rates scheduled for 1987 and subsequent years. Therefore, it is necessary to compute a separate CMTR for Year 1 and Year 2 and a new formula is prescribed to calculate any RIT allowances paid in 1987. It is assumed that within the accuracy of the calculation, the State and local tax rates for Year 1 shall be used in calculating the CMTR for Year 2.

(2) The prescribed procedures which yield an estimate of an employee's additional tax liability due to moving expense reimbursements are to be used uniformly. They are not to be adjusted to accommodate an employee's unique circumstance which may differ from the assumed circumstances.

Vertical line denotes change.

(3) An adjustment of the RIT allowance paid in Year 2 for the covered taxable reimbursements received in Year 1 is required if the tax information certified to on the RIT allowance claim is different than that shown on the actual Federal tax return filed with IRS for Year 1 or changed for any reason after filing of the tax return, so as to affect the combined marginal tax rate used in the RIT allowance calculation.

c. Determination of Covered Taxable Reimbursements.

(1) Generally, the amount of the covered taxable reimbursements is the difference between:

(a) The amount of covered moving expense reimbursements for the allowances listed in paragraph 5-1203 that was included in the employee's income in Year 1; and

(b) The maximum amount of allowable moving expenses that may be claimed as a moving expense deduction by the employee on his/her Federal tax return under IRS tax regulations to offset the income resulting from moving expense reimbursements for Year 1. If the employee is precluded from claiming moving expense deductions because he/she does not meet IRS requirements for the distance test, the amount of covered taxable reimbursements is the same as the amount of covered moving expenses.

(2) For purposes of calculating the RIT allowance, the following special rules apply to the determination of moving expense deductions to offset moving expense reimbursements reported as income:

(a) The total amount of reimbursement (which was reported as income) for the expenses of en route travel for the employee and family and transportation (including up to 30 days temporary storage) of household goods to the new official station shall be used as a moving expense deduction.

(b) The total amount of reimbursement for a househunting trip, temporary quarters (up to 30 days at new station) and real estate transaction expenses, up to the maximum allowable deduction under IRS tax regulations, shall be used as a moving expense deduction.

For example, an employee and spouse filing a joint return for the 1986 tax year and residing in the same household at the end of the tax year may deduct up to $3,000 for these expenses. (No more than $1,500 of the $3,000 may be claimed for a househunting trip and temporary quarters expenses combined.) If the employee was reimbursed $1,350 for a househunting trip and temporary quarters expenses and $9,000 for real estate expenses, the moving expense deductions would be $1,350 for the househunting trip and temporary quarters expenses and $1,650 for real estate expenses. If the employee's reimbursement was $1,850 for the househunting trip and temporary quarters expenses and $9,000 for real estate expenses, the moving expense deductions would be $1,500 for the househunting trip and temporary quarters expenses and $1,500 for real estate expenses. If the employee had no reimbursement for the househunting trip and temporary quarters, the full $3,000 would be applied to the $9,000 reimbursement for real estate expenses. (See IRS Publication 521, "Moving Expenses," for these and other maximums which vary by situation and filing status.)

(3) Procedures and examples are provided herein as if all moving expense reimbursements are received in one year with all moving expense deductions applied in that same year to arrive at the covered taxable reimbursements. However, when reimbursements span more than one year, the amount of covered taxable reimbursements must be determined separately for each reimbursement year (Year 1). The maximum moving expense deductions apply to the entire move. Under IRS tax regulations the employee has some discretion as to when he/she claims these deductions (e.g., in the year of the move when the expense was paid or in the year of reimbursement, if these actions do not occur in the same year). However, for purposes of the RIT allowance procedures, the moving expense deductions will be applied in the year that the corresponding reimbursement is made. For example, if an employee incurred and was reimbursed $1,000 for a househunting trip and temporary quarters in 1985 and an additional $1,000 for temporary quarters in 1986, this employee, according to his/her particular situation and tax filing status, may deduct $1,500 of these expenses in moving expense deductions. In calculating the RIT allowance for

1985, $1,000 of the $1,500 deduction is used to offset the $1,000 reimbursement in 1985 resulting in zero covered taxable reimbursements for the househunting trip and temporary quarters for 1985. The remaining $500 (balance of the $1,500 not used in determining covered taxable reimbursements for 1985) will be used to offset the $1,000 temporary quarters reimbursement in 1986 (second Year 1), leaving $500 of the temporary quarters reimbursement as a covered taxable reimbursement for 1986.

(4) Although the WTA amount is included in income, it shall not be included in the amount of covered taxable reimbursements. Under the procedures and formulas established herein, the proper amount of the RIT allowance is calculated using the RIT gross-up formula with the WTA excluded from covered taxable reimbursements.

(5) Agencies are cautioned that there may be moving expenses reimbursed to the employee that are not covered by the RIT allowance. (See exclusions in paragraph 5-1204.)

(6) An example showing how to calculate covered taxable reimbursements is illustrated in Figure 5-12a. Also, Figures 5-12b and 5-12c show an example of completed IRS Form 4782 (Employee Moving Expense Information) and of IRS Form 3903 (Moving Expense Adjustment) with dollar amounts which correspond to those shown in Figure 5-12a.

d. Determination of Income Level and Filing Status. In order to determine a combined marginal tax rate needed to calculate the RIT allowance, the employee must determine the appropriate amount of earned income (as prescribed herein) that was or will be reported on his/her Federal tax return for the tax year in which the covered taxable reimbursements were received (Year 1). Such amount will also include the spouse's earned income if a joint filing status is claimed. For purposes of this section, appropriate earned income shall include only the amount of gross compensation reported on IRS Form(s) W-2, and if applicable, the net earnings (or loss) from self-employment income as shown on Schedule SE of IRS Form 1040. (Note that moving expense reimbursements including the WTA amounts are to be included in earned income and should be shown as income on the Form W-2; if they are not, other appropriate documentation shall be furnished by the servicing accounting office.) The amount of earned income as determined under this section and the tax filing status (for example, from lines one through five on the 1986 IRS Form 1040) shall be contained in a certified statement on, or attached to, the voucher claiming the RIT allowance.

e. Determination of the Combined Marginal Tax Rate. The gross-up formula used to calculate the RIT allowance requires use of two CMTR's - one for Year 1 in which reimbursements were received and the other for Year 2 in which the RIT allowance is paid. CMTR's are single tax rates calculated to represent the Federal, State and/or local tax rates applicable to the earned income for Year 1. The CMTR's will be determined as follows:

(1) Federal Marginal Tax Rate. The Federal marginal tax rates for Year 1 and Year 2 are determined by using the income level and filing status which are contained in the certified statement by the employee on his/her RIT allowance claim and applying the prescribed Federal tax tables contained in Appendix G. For example, if the income level for 1986 tax year (Year 1) was $65,000 for a married employee filing a Federal joint return, the Federal marginal tax rate would be 38 percent for Year 1 (1986) and 35 percent for Year 2 (1987). These rates would be used regardless of how much of the $65,000 was attributable to reimbursement for the employee's relocation expenses. (Note that these marginal rates are different from the withholding tax rate used for the WTA.) If the employee incurs only Federal income tax (i.e., there are no State or local taxes), the Federal marginal tax rates are the CMTR's to be used in the RIT gross-up formula. In such cases, the provisions on State and local marginal tax rates do not apply.

(2) State Marginal Tax Rate.

(a) If the employee incurs an additional State income tax liability as a result of moving expense reimbursements, the appropriate State tax table (Appendix G or published tables updated periodically by GSA) is to be used to determine the applicable State marginal tax rate that will be substituted into the formula for determining the CMTR for both Year 1 and Year 2. The appropriate State tax table will be the one that corresponds to the tax year in which the reimbursements are paid to the employee (Year 1). The income level for

Vertical line denotes change.

Federal taxes shall be used to identify the appropriate income bracket in the State tax table. The applicable State marginal tax rate is obtained from the selected income bracket column for the State where the employee is required to pay State income tax on moving expense reimbursements. The tax rates shown in the table apply to all employees regardless of filing status, except where a separate rate is shown for a single filing status.

(b) The lowest income bracket shown in the State tax table is $20,000-$24,999. In cases where the employee's (employee's and spouse's, if filing jointly) earned income is less than this income bracket, an appropriate State marginal tax rate shall be established from the applicable State tax code or regulations issued pursuant thereto. Such State marginal tax rate shall be representative of the earned income level in question but in no case more than the marginal tax rate in the State tax table for the $20,000-$24,999 income bracket for the particular State in which an additional tax obligation has been incurred.

(c) The State marginal tax rates generally are expressed as a <u>percent</u> of <u>taxable income</u>. However, if the State marginal tax rate is stated as a <u>percentage</u> of the <u>Federal income tax liability</u>, the State tax rate must be converted to a <u>percent</u> of <u>taxable income</u> to be used in the CMTR formula. This is achieved by multiplying the Federal tax rate for Year 1 by the State tax rate. For example, if the Federal tax rate is 38 percent for Year 1 and the State tax rate is 25 percent of the <u>Federal income tax liability</u>, the State tax rate stated as a <u>percent of taxable income</u> would be 9.5 percent. The State tax rate for Year 1 will be used in determining the CMTR for both Year 1 and Year 2.

(d) An employee may incur a State income tax liability on moving expense reimbursementf in more than one State at the same or different marginal tax rates. Nevertheless, a single State marginal tax rate must be determined for use in the CMTR formulas. The general rules which follow shall be applied in determining the applicable single rate.

1 In the tax year during which the transfer actually takes place, the employee may incur a State income tax obligation at both the old and the new location. However, most moving expense reimbursements will be taxed at the new location. Although the employee may receive some reimbursements (e.g., for a househunting trip) prior to the actual transfer which would be credited as income at the old location, these types of expenses generally are tax deductible and would not generate an additional State tax liability for the employee. In addition, procedures inherent in the travel voucher reimbursement system tend to cause most reimbursements which may be taxable to occur after the actual transfer. Therefore, the State marginal tax rate determined hereunder for the new location will be used in the CMTR formulas.

2 There may be other situations where the employee is subject to taxes on moving expense reimbursements in two States, in one State because of State residency and in another because a particular State taxes income earned within its jurisdiction irrespective of whether the employee is a resident. If the two States involved recognize such situations by allowing an adjustment or credit for taxes paid to the other State, the State marginal tax rate for the State where income tax on moving expense reimbursements is actually paid will be determined and used in the CMTR formulas. However, in those situations where there is in fact double taxation on income from moving expense reimbursements and the taxes imposed by both States qualify as a State income tax, the sum of the State marginal tax rates for the two States shall be used in the CMTR formulas.

(3) Local Marginal Tax Rate. Because of the impracticality of establishing a single marginal tax rate table for local income taxes that could be applied uniformly nationwide, local marginal tax rates shall be determined as follows:

(a) If the employee incurs an additional local income tax liability as a result of moving expense reimbursements, he/she shall certify to such fact when claiming the RIT allowance by specifying the name of the locality imposing the income tax and the applicable marginal tax rate determined from the actual marginal tax rate table or schedule prescribed by the taxing locality. The marginal tax rate shall be the one applicable to the taxable income portion of the amount of earned income for the employee (and spouse, if filing jointly). The same tax rate shall be used in calculating the CMTR for both Year 1 and Year 2. The employing agency shall establish procedures to determine whether the employee certified local marginal tax rate is appropriate for the employee's income level and filing status and approve its use in the CMTR formulas.

(b) If the local marginal tax rate is stated as a percentage of Federal or State income tax liability, such rate must be converted to a percent of income for use in the CMTR formulas. This is accomplished by multiplying the applicable Federal or State tax rate for Year 1 by the applicable local tax rate. For example, if the State tax rate for Year 1 is six percent and the local tax rate is 50 percent of State income tax liability, the local tax rate stated as a percentage of taxable income would be three percent. The local tax rate thus determined for Year 1 will be used in determining the CMTR for both Year 1 and Year 2.

(c) The situations described in paragraph 5-1208e(2)(d) with respect to State income taxes may also be encountered with local income taxes. If such situations do occur, the rules prescribed for determining the single State marginal tax rate shall also be applied to determine the single local marginal tax rate for use in the CMTR formula.

(4) Calculation of the Combined Marginal Tax Rate. The gross-up formula for calculating the RIT allowance requires the use of two CMTR's. However, the required CMTR's cannot be calculated by merely adding the Federal, State and local marginal tax rates together because of the deductibility of State and local income taxes from income for Federal income tax purposes. The State tax tables prescribed in Appendix G are designed to use the same income amount as that determined for the Federal taxes, which reflects, among other things, State and local tax deductions. The formulas prescribed herein for calculating the CMTR's are designed to adjust the State and local tax rates to compensate for their deductibility from income for Federal tax purposes.

(a) Calculation of the CMTR for Year 1. The following formula shall be used to calculate the CMTR for Year 1:

Formula: $X = F+(1-F)S+(1-F)L$

where X = CMTR for Year 1
F = Federal tax rate for Year 1
S = State tax rate for Year 1
L = local tax rate for Year 1

1 State and Local Taxes Incurred. If the employee incurs Federal, State and local income taxes on moving expense reimbursements, the CMTR formula may be solved as follows:

Example: If F = 38 percent of income
S = 6 percent of income
L = 2 percent of income

Then $X = .38+(1.00-.38).06+(1.00-.38).02$ or .4296

2 Federal and State Income Tax Only. If the employee incurs tax liability on moving expense reimbursements for Federal and State income tax but none for local income tax, the value of "L" is zero and the CMTR formula is solved as follows:

Example: If F = 38 percent of income
S = 6 percent of income
L = Zero

Then $X = .38+(1.00-.38).06$ or .4172.

Vertical line denotes change.

3 Federal and Local Income Tax Only. If the employee incurs a tax liability on moving expense reimbursements for Federal and local income tax but none for State income tax, the value of "S" is zero and the CMTR formula may be solved as follows:

Example: If F = 38 percent of income
S = Zero
L = 2 percent of income

Then X = .38+(1.00-.38).02 or .3924.

(b) Calculation of the CMTR for Year 2. The Year 2 CMTR calculation is the same as for Year 1 except that the Federal tax rate for Year 2 is used in place of the Federal tax rate for Year 1. State and local tax rates remain the same as for Year 1. The following is the Year 2 CMTR formula:

CMTR Formula: $W = F+(1-F)S+(1-F)L$

where W = CMTR for Year 2
F = Federal tax rate for Year 2
S = State tax rate for Year 2
L = Local tax rate for Year 2

f. Determination of the RIT Allowance. The RIT allowance to cover the tax liability on additional income resulting from the covered taxable reimbursements received in Year 1 is calculated in Year 2 as provided below:

(1) Compute the RIT allowance by substituting the amount of covered taxable reimbursements for Year 1, the CMTR's for Year 1 and Year 2, and the total amount of the WTA's paid in Year 1 into the gross-up formula as follows:

Formula: $Z = (X/1-W)R - (1-X/1-W)Y$

where Z = RIT Allowance payable in Year 2
X = CMTR for Year 1
W = CMTR for Year 2
R = covered taxable reimbursements
Y = total WTA's paid in Year 1

Example: If X = .4296
W = .4020
R = $21,800
Y = $5,450

Then Z = .4296/1.00-.4020($21,800) -
1.00-.4296/1.00-.4020($5,450)
Z = .7184($21,800) - .9538(($5,450)
Z = $15,661,12 - $5,198.21
Z = $10,462.91

(2) There may be instances when a WTA was not paid in Year 1 at the time moving expense reimbursements were made. In cases where there is no WTA to be deducted, the value of "Y" is zero and the formula for calculating the amount of the RIT allowance (Z) due the employee in Year 2 may be solved as follows:

Example: If X = .4296
W = .4020
R = $21,800
Y = Zero

Then Z = .4296/1.00 - .4020($21,800)
Z = .7184($21,800)
Z = $15,661.12

(3) If the amount of the RIT allowance is greater than zero, it is payable to the employee on the travel voucher as a relocation or moving expense allowance. The RIT allowance amount is included in the employee's gross income for Year 2 and, therefore, subject to appropriate withholding taxes (see net payment to employee in paragraph 5-1208g). The RIT allowance amount will be reported on IRS Form W-2 for Year 2 and on IRS Form 4782 for the employee's information.

(4) If the calculation of the RIT allowance results in a negative amount, the employee is obligated to repay this amount as a debt due the Government.

(5) Any changes to the employee's income level or filing status for Year 1 that would affect the marginal tax rates (Federal, State, or local) used in calculating the RIT allowance must be reported to the accounting office by the employee.

g. Determination of the Net Payment Due Employee in Year 2. Since the amount of the RIT allowance is income to the employee in Year 2, it is subject to the same tax withholding requirements as all other moving expense reimbursements. Appropriate amounts for withholding taxes should be determined under internal tax withholding procedures. The amount of withholding taxes is deducted from the RIT allowance to arrive at the net payment to the employee.

h. Summary Example. The procedures in this paragraph for calculating the RIT allowance and in 5-1207 for calculating the WTA are summarized and illustrated for a hypothetical situation in Figure 5-12d.

5-1209. RESPONSIBILITIES.

a. Agency. Accounting offices will calculate the amount of the gross-up for the WTA in Year 1 in accordance with procedures outlined herein and credit this amount on the travel voucher at the time of reimbursement. The WTA will be reflected on the employee's Form W-2 for Year 1. The RIT allowance may be calculated in Year 2 either by the employee or by the accounting or other designated office based on information provided by the employee on the voucher.

b. Employee.

(1) The employee is required to submit a claim for the RIT allowance and to file the tax information for Year 1 specified in paragraph 5-1210 with his/her accounting office in Year 2, regardless of whether any additional reimbursement for the RIT tax allowance is owed the employee.

(2) If any action occurs (i.e., amended tax return, tax audit, etc.) that would change the information provided in Year 2 by the employee for use in calculating the total RIT allowance due for Year 1 taxes, this information must be provided by the employee to the servicing accounting office.

(3) If the calculation of the RIT allowance results in a negative amount, the employee is obligated to repay the excess amounts as a debt due the Government.

Vertical line denotes change.

5-1210. <u>CLAIMS FOR PAYMENT AND SUPPORTING DOCUMENTATION AND VERIFICATION</u>.

a. <u>Claims Forms</u>. Claims for payment of the RIT allowance shall be submitted by the employee in Year 2 on the Travel Voucher, SF 1012.

b. <u>Certification</u>. When claiming payment of the RIT allowance, the employee shall furnish and certify to certain tax information that has been or will be shown on his/her actually prepared tax returns. This information shall be contained in a certified statement signed by the employee (and spouse, if filing jointly) on, or attached to, the SF 1012 reading essentially as follows:

"I certify that the following information, which is to be used in calculating the RIT allowance to which I am entitled, has been (or will be) shown on the income tax returns filed (or to be filed) by me (or by my spouse and me) with the applicable Federal, State, and local (specify which) tax authorities for the 198_ tax year.

Gross compensation as shown on attached IRS Form(s) W-2 and, if applicable, net earnings (or loss) from income shown on attached Schedule SE (Form 1040):

	Forms W-2	Schedule SE
Employee	$________	$________
Spouse (if filing jointly)	$________	$________
TOTAL (Both columns)	$____________	

- Filing status:______________________[Specify one of the five filing status items that was (or will be) claimed on IRS Form 1040.]

- Marginal tax rates from Appendix G and local tax tables derived under procedures in this section:

  Federal for Year 1: ________________
  Federal for Year 2: ________________
  State (specify which): ________________
  Local (specify which): ________________

The above information is true and accurate to the best of my knowledge. I(we) agree to notify the accounting office of any changes to the above (i.e., from amended

Vertical line denotes change.

tax returns, tax audit, etc.) so that appropriate adjustment to the RIT allowance can be made. The required supporting documents are attached. Additional documentation will be furnished if requested.

I (we) further agree that if the required 12-month service agreement is violated, the total amount of the RIT allowance will become a debt due the United States Government and will be repaid."

____
Employee's signature
Date ________________________________

____
Spouse's signature (if filing jointly)
Date ________________________________

c. <u>Supporting Documentation/Verification</u>. The claim for the RIT allowance shall be supported by documentation attached to the voucher and by verification of State and local tax obligations as provided below:

(1) Copies of the appropriate IRS Forms W-2 and, if applicable, the completed IRS Schedule SE (Form 1040) shall be attached to the voucher to substantiate the income amounts shown in the certified statement. The employee (and spouse, filing jointly) must agree to provide additional documentation to verify income amounts, filing status, and State and local income tax obligations when requested.

(2) In order to determine or verify whether a particular State or local tax authority imposes a tax on moving expense reimbursements, it is incumbent upon RIT voucher examining and certifying officials to become familiar with the State and local tax laws that affect their transferring employees. In cases where the taxability of moving expense reimbursements is not clear, the employee should be paid a RIT allowance which reflects only those State and local tax obligations that are clearly imposed under State and local law. When questionable State or local tax obligations are resolved, the RIT allowance may be recomputed and appropriate payment adjustments made.

d. Fraudulent Claims. A claim against the United States is forfeited if the claimant defrauds or attempts to defraud the Government in connection therewith (28 U.S.C. 2514). Also, there are two criminal provisions under which severe penalties may be imposed on an employee who knowingly presents a false, fictitious, or fraudulent claim against the United States (18 U.S.C. 287 and 1001). The employee's claim for the RIT allowance shall accurately reflect the facts in every instance so that any violation of these provisions will be avoided.

5-1211. VIOLATION OF SERVICE AGREEMENT. In the event the employee violates the terms of the service agreement, no part of the RIT allowance or the WTA will be paid, and any amounts paid prior to such violation shall be a debt due the United States until they are repaid by the employee.

5-1212. ADVANCE OF FUNDS. No advance of funds is authorized in connection with the RIT allowance.

Figure 5-12a. EXAMPLE - COMPUTING COVERED TAXABLE REIMBURSEMENTS

Column (a) shows hypothetical moving expense reimbursements. Column (b) shows Federal moving expense deductions for employee and spouse filing a joint return and residing together at the end of the tax year (see footnote 5/, below). Column (c) shows the balance of the covered reimbursements in column (a) which have not been offset by moving expense deductions in column (b). Amounts shown are for illustration purposes only and should not be construed in any way to represent actual, average, or typical moving costs.

Covered Allowances		Amount Paid/ Reimbursed (a) 1/	Maximum Moving Exp. Deduction (b) 2/	Amount of Covered Taxable Reimbursements (c)=(a)-(b) 3/
1. Travel and transportation expenses between duty stations.		$ 1,150 4/	$ 1,150 4/	$ -0- 4/
2. Transportation and 30 days temporary storage of household goods (HHG's).		$ 5,100 4/	$ 5,100 4/	$ -0- 4/
3. Temporary storage of HHG's not included on line 2, and/or nontemporary storage (see (2-11.3c).		$ 1,100	$ -0-	$ 1,100
4. Mobile home movement instead of HHG's.		$ -0-	$ -0-	$ -0-
5. Miscellaneous expense allowance.		$ 700	$ -0-	$ 700
6. Househunting trip.	$1,550			
7. Temporary quarters, 30 days, new station.	$2,550			
8. Total lines 6 and 7.		$ 4,100		
9. Enter lesser of line 8 or $1,500 as deductible amount in col. b; 5/			$ 1,500	
10. Enter balance of line 8 minus line 9.				$ 2,600
11. Temporary quarters in excess of line 7.		$ 1,900	$ -0-	$ 1,900
12. Real estate transactions resulting from:				
(a) Sale expenses.	$13,500			
(b) Purchase expenses.	$ 3,500			
(c) Unexpired lease.	$ -0-			
(d) Relocation services. 6/	$ -0-			
13. Total of items (a) through (d), line 12.		$17,000		
14. Enter lesser of line 13 or $3,000 less deductible amount used on line 9. 5/			$ 1,500	
15. Balance of line 13 minus line 14.				$15,500
16. Relocation services not included on line 12(d). 6/		$ -0- 6/	$ -0- 6/	$ -0- 6/
17. Total column (a), (b), and (c).		$31,050	$ 9,250 7/	$21,800 8/
18. Total amount of WTA's paid in Year 1.		$ 5,450 9/		
19. Total lines 17 and 18, column (a).		$36,500 10/		

Vertical line denotes change.

Figure 5-12a. EXAMPLE - COMPUTING COVERED TAXABLE REIMBURSEMENTS (continued)

1/ Enter in column (a) the amounts of reimbursed expenses for the allowances listed in paragraph 5-1203.

2/ Enter in column (b) the maximum amounts of the reimbursed expenses in column (a) which are deductible moving expenses. (See par. 5-1208c(2): also, see footnote 4/.)

3/ Enter in column (c) the balance of column (a) minus column (b). (See par. 5-1208c.)

4/ The amount entered in column (b) for lines 1 and 2 should be the same as that entered in column (a). (See par. 5-1208c(2)(a).) Column (c) will be zero.

5/ Limits may vary according to filing status, etc. See page 5 of IRS Publication 521, Moving Expenses.

6/ In this example, relocation services were not used--employee declined the services. (See section 11 of chapter 5.) However, if relocation services were used, any amounts paid to the relocation service company that are determined to be income to the employee (See section 11 and pars. 5-1203i and 5-1204a) and covered by the RIT allowance would be entered on lines 12(d) and 16, column (a), as appropriate. In such cases, the amount shown in column (c) as a covered taxable reimbursement would depend on whether any part of the amount in column (a) is a moving expense deduction in column (b). All amounts included in column (a) may not be deductible and there are limitations as to what can be included as a covered reimbursement under paragraph 5-1203i.

7/ In this example, total moving expense deductions on line 17, column (b), equate to the amount shown on line 11 on IRS Form 3903 in Figure 5-12c. Amounts on those lines for an actual situation may not be the same because of relocation expenses incurred which are not paid for or reimbursed by the Government but which may be claimed as a moving expense deduction for Federal tax purposes, such as extra valuation insurance for household goods shipments.

8/ The amount on line 17, column (c), is the amount of covered taxable reimbursements to be used in the gross-up formula for the RIT allowance.

9/ Enter total amount of all WTA's paid in Year 1 on line 18, column (a) only. This amount is an estimated partial payment of the RIT allowance. It is not included in the amount of covered taxable reimbursements determined for calculation of the RIT allowance.

10/ In this example, the total amount shown on line 19, column (a), equates to the amount shown on line 7 on IRS Form 4782 in Figure 5-12b. Amounts on those lines for an actual situation may differ because of relocation allowances paid or reimbursed which are not covered by the RIT allowance. (See exclusions in par. 5-1204.)

Vertical line denotes change.

Figure 5-12b. IRS FORM 4782, EMPLOYEE MOVING EXPENSE INFORMATION

Form **4782**
(Rev. August 1983)
Department of the Treasury
Internal Revenue Service

Employee Moving Expense Information
Payments made during the calendar year 19 ......

OMB No. 1545-0182
Do not file.
Keep for your records.

Name of employee: I.M. Employee
Social security number: 000 00 0000

Moving Expense Payments

Type of expense	a. Amount paid to employee	b. Amount paid to a third party for employee's benefit and value of services furnished in-kind	c. Total (Add columns a. and b.)
1 Transportation expenses in moving household goods and personal effects (including storage expenses for a foreign move)		(carrier payment) 6,200.00	6,200.00
2 Travel, meal, and lodging expenses in moving from old to new residence	1,150.00		1,150.00
3 Pre-move travel, meal, and lodging expenses in looking for a new residence after obtaining employment	870.00	(air carrier) 680.00	1,550.00
4 Temporary living expenses in new location or area during any 30 days in a row after obtaining employment (90 days in a row for a foreign move)	2,550.00		2,550.00
5 Qualified expenses of selling, buying, or leasing a residence	17,000.00		17,000.00
6 All other payments (specify) Misc. Exp. Allowance	700.00		700.00
Temporary Qtrs. in excess of 30 days	1,900.00		1,900.00
Withholding Tax allowance	5,450.00		5,450.00
7 Total moving expense payments. Add lines 1 through 6.			36,500.00

Vertical line denotes change.

Figure 5-12c. IRS FORM 3903, MOVING EXPENSE ADJUSTMENT

Form **3903** — Department of the Treasury, Internal Revenue Service

Moving Expense Adjustment

▶ Attach to Form 1040.

OMB No. 1545-0062 — 1984 — 62

Name(s) as shown on Form 1040: I. M. Employee

Your social security number: 000 00 0000

a What is the distance from your **old** residence to your **new** work place? 1500 miles

b What is the distance from your **old** residence to your **old** work place? 20 miles

c If the distance in **a** above is 35 or more miles farther than the distance in **b** above, complete the rest of this form. If the distance is less than 35 miles, you may not take a deduction for moving expenses. This rule does not apply to members of the armed forces.

1	Transportation expenses in moving household goods and personal effects			1	5,100 00
2	Travel, meal, and lodging expenses in moving from old to new residence			2	1,150 00
3	Pre-move travel, meal, and lodging expenses in looking for a new residence after getting your job	3	1,550 00		
4	Temporary living expenses in new location or area during any 30 days in a row after getting your job	4	2,550 00		
5	Add lines 3 and 4	5	4,100 00		
6	Enter the smaller of line 5 or $1,500 ($750 if married, filing a separate return, and, at the end of the tax year, you lived with your spouse who also started work during the tax year)	6	1,500 00		
7	Expenses of (check one): a ☑ selling or exchanging your old residence; or b ☐ if renting, settling an unexpired lease on your old residence	7	13,500 00		
8	Expenses of (check one): a ☑ buying your new residence; or b ☐ if renting, getting a lease on your new residence	8	3,500 00		
9	Add lines 6, 7, and 8	9	18,500 00		
10	Enter the smaller of line 9 or $3,000 ($1,500 if married, filing a separate return, and, at the end of the tax year, you lived with your spouse who also started work during the tax year)			10	3,000 00
11	Add lines 1, 2, and 10. This is your moving expense deduction. Enter here and on Form 1040, line 24 ▶			11	9,250 00

Note: *Use any amount on line 7a not deducted because of the $3,000 (or $1,500) limit to decrease the gain on the sale of your residence. Use any amount on line 8a not deducted because of the limit to increase the basis of your new residence. See **No Double Benefit** in the instructions.*

Note: *If your employer paid for any part of your move (including the value of any services furnished in kind), report that amount on **Form 1040, line 7**. See **Reimbursements** in the instructions.*

Figure 5-12d. EXAMPLE - SUMMARY OF RIT ALLOWANCE PROCEDURES

Year 1: In 1986, the employee received $31,050 in covered moving expense reimbursements. After subtracting $9,250 of deductible moving expenses, $21,800 of the reimbursements (nondeductible moving expenses) were subject to Federal tax withholding. (No State or local tax withholding in this case.) **This example assumes that all reimbursements were paid on one voucher.**

Apply WTA formula: $Y = \frac{X}{1-X}(N)$

where Y = WTA
X = Federal withholding tax rate (.20)
N = nondeductible moving expenses ($21,800)

Then $Y = \frac{.20}{1-.20}(\$21,800)$
Y = $5,450

Compute net payment to employee in Year 1:

Total moving expense reimbursement in Year 1	$31,050
Less deductible moving expenses	- 9,250
Nondeductible moving expenses subject to withholding	$21,800
Plus WTA on $21,800	+ 5,450
Amount subject to withholding	$27,250
Less Federal tax withholding ($27,250 X .20)	- 5,450
Balance after withholding	$21,800
Plus deductible moving expenses	+ 9,250
Net payment in Year 1	$31,050

Year 2: In 1987, the amount of the RIT allowance is determined on the basis of covered reimbursements in Year 1. Assume that $21,800 of nondeductible moving expenses is the same as the covered taxable reimbursements. Also, assume that employee and spouse (married, filing jointly) have combined earned income of $65,000. Thus, Federal marginal tax rates would be 38% for Year 1 and 35 % for Year 2 (determined from tables in appendix G). Also assume the applicable State and local marginal tax rates are 6% and 2%, respectively, of taxable income.

Apply CMTR formula for Year 1: X = F + (1-F)S + (1-F)L

where X = CMTR **for Year 1**
F = Federal tax rate **for Year 1 (.38)**
S = State tax rate **for Year 1 (.06)**
L = local tax rate **for Year 1 (.02)**

Vertical line denotes change.

Figure 5-12d. EXAMPLE - SUMMARY OF RIT ALLOWANCE PROCEDURES (continued)

Then $X = .38 + (1-.38).06 + (1-.38).02$
$X = .38 + .0372 + .0124$
$X = .4296$

Apply CMTR formula for Year 2: $W = F + (1-F)S + (1-F)L$

where W = CMTR for Year 2
F = Federal tax rate for Year 2 (.35)
S = State tax rate for Year 1 (.06)
L = local tax rate for Year 1 (.02)

Then $W = .35 + (1-.35).06 + (1-.35).02$
$W = .35 + .0390 + .0130$
$W = .4020$

Apply RIT gross-up formula: $Z = \frac{X}{1-W}(R) - \frac{1-X}{1-W}(Y)$

where Z = RIT allowance
X = CMTR for Year 1 (.4296)
W = CMTR for Year 2 (.4020)
R = covered taxable reimbursements for Year 1 ($21,800)
Y = WTA paid in year 1 ($5,450)

Then $Z = \frac{.4296}{1-.4020}(\$21,800) - \frac{1-.4296}{1-.4020}(\$5,450)$
$Z = .7184 (\$21,800) - .9538 (\$5,450)$
$Z = \$15,661.12 - \$5,198.21$
$Z = \$10,462.91$

Compute net payment to employee in Year 2:

RIT allowance payable	$10,462.91
Less Federal withholding tax	- 2,092.58
Less State and local withholding	- 0.00
Net amount paid to employee	$ 8,370.33 1/

1/ If no WTA's had been paid in this example, the RIT allowance would be $15,661.12. The Federal withholding tax would be $3,132.22, leaving a net payment to the employee of $12,528.90.

TABLE OF CONTENTS

CHAPTER 11
EMERGENCY TRAVEL

Vertical line denotes change.

CHAPTER 11. EMERGENCY TRAVEL

11-0101. EMERGENCY TRAVEL. Transportation and subsistence expenses may be allowed when an employee discontinues or interrupts a temporary duty travel assignment because of incapacitating illness or injury or other personal emergency.

11-0102. DELEGATION OF AUTHORITY. The authority to authorize or approve travel under this chapter will not be delegated below the Associate Administrator or Regional Director/ Administrator or District Commander levels within the Operating Administrations. Within the Office of the Secretary, only officials at or above the Departmental Officer or the Deputy Assistant Secretary levels may exercise this authority.

11-0103. EMPLOYEE'S RESPONSIBILITY. As soon as an employee is incapacitated by illness or injury or informed of an emergency situation which necessitates discontinuance or interruption of the temporary duty travel assignment, the employee should attempt to contact the designated travel-approving official for instructions. In the event that such contact cannot be made before travel is required, approval of the travel may be made after the fact.

11-0104. DEFINITIONS. For purposes of this chapter, the following definitions and discussion of terms are provided as a supplement to Appendix A of this Manual.

a. Alternate Location. An alternate location is a destination, other than the employee's official station or the point of interruption, where necessary medical services or a personal emergency situation exists. In the case of illness or injury of the employee, the nearest hospital or medical facility capable of treating the illness or injury is not considered to be an alternate location.

b. Family. Family means the individuals in the immediate family who are members of the employee's household at the time the emergency situation arises. For compassionate reasons and when warranted by the circumstances of a particular emergency situation on an individual case basis, this definition may be expanded to encompass other members of the extended family of an employee and employee's spouse. This may include individuals in the immediate family who are not dependents of the employee or members of the employee's immediate household. In using this authority and deciding each case, the authorizing official must evaluate the extent of the emergency and the employee's relationship to, and degree of responsibility for, the individual(s) involved in the emergency situation.

c. Incapacitating Illness or Injury of Employee. An incapacitating illness or injury is one that occurs suddenly for reasons other than the employee's own misconduct and renders the employee incapable of continuing, either temporarily or permanently, the travel assignment. A sudden illness or injury may include a recurrence of a previous medical condition thought to have been cured or under control. The illness or injury may occur while the employee is at or en route to or from a temporary duty location.

d. Official Station. This includes the home or regular place of business as it pertains to experts and consultants described in 5 U.S.C. 5703.

e. Personal Emergency Situation. Personal emergency situation means the death or serious illness or injury of a member of the employee's family or a catastrophic occurrence or impending disaster such as a fire, flood, or act of God which directly affects the employee's home at the official station or the family and occurs while the employee is at or en route to or from a temporary duty location.

f. Serious Illness or Injury of Family Member. Serious illness or injury of a family member means a grave, critical, or potentially life-threatening illness or injury; a sudden injury such as an automobile or other accident where the exact extent of injury may be undetermined but is thought to be critical or potentially life threatening based on the best assessment available; or other situations involving less serious illness or injury of a family member in which the absence of the employee would result in great personal hardship for the immediate family.

g. Fire, Flood, or Act of God. Fires or floods may be due to natural causes or human actions (e.g., arson) or other identifiable causes. Act of God means an extraordinary happening by a natural cause (as fire, flood, tornado, hurricane, earthquake, or other natural catastrophe) for which no one is liable because experience, foresight, or care could not prevent it.

11-0105. <u>INCAPACITATING ILLNESS OR INJURY</u>. An employee who interrupts or discontinues a travel assignment due to an incapacitating illness or injury may be allowed transportation expenses and per diem.

a. <u>Continuation of Per Diem at Point of Interruption</u>. An employee who interrupts the temporary duty assignment because of an incapacitating illness or injury and takes leave of any kind shall be allowed a per diem allowance as appropriate, not to exceed the maximum rates prescribed for the location where the interruption occurs. Such per diem may be continued for a reasonable period, normally not to exceed 14 calendar days (including fractional days) for any one period of absence. However, a longer period may be approved if justified by the circumstances of a particular case. The point of interruption may include the nearest hospital or medical facility capable of treating the employee's illness or injury. Per diem will not be allowed while an employee is confined to a hospital or medical facility that is within proximity of the official station or that is the same one the employee would have been admitted to if the illness or injury had occurred while at the official station.

(1) <u>Receipt of Payments from Other Federal Sources</u>. If, while in travel status under circumstances described in this chapter, the employee receives hospitalization (or is reimbursed for hospital expenses) under any Federal statute (including hospitalization in a Veterans Administration or military hospital) other than 5 U.S.C. 8901-8913 (Federal Employees Health Benefits Program), the per diem allowance for the period involved shall not be paid or, if paid, shall be collected from the employee.

(2) <u>Documentation and Evidence of Illness</u>. The type of leave and its duration must be stated on the travel voucher. No additional evidence of the illness or injury need be submitted with the travel voucher except that required by the leave regulations of the Office of Personnel Management and the Department.

b. Return to Official Station or Home. When an employee discontinues a temporary duty assignment before its completion because of an incapacitating illness or injury and returns to official station or home, expenses of appropriate transportation and per diem while en route shall be allowed for return travel to the official station. Such return travel may be from the point of interruption or other point where the per diem allowance was continued. If, when the employee's health has been restored, the agency decides that it is in the Government's interest to return the employee to the temporary duty location, such return is considered to be a new travel assignment at Government expense.

c. Travel to an Alternate Location and Return to the Temporary Duty Assignment.

(1) Conditions and Allowable Expenses. When an employee, with the appropriate approval, interrupts a temporary duty assignment because of an incapacitating illness or injury and takes leave of absence for travel to an alternate location to obtain medical services and returns to the temporary duty assignment, reimbursement for certain excess travel costs may be allowed as provided in (2), below. The nearest hospital or medical facility capable of treating the employee's illness or injury will not be considered an alternate location.

(2) Calculation of Excess Costs. The reimbursement that may be authorized or approved under (1), above, shall be the excess (if any) of actual costs of travel from the point of interruption to the alternate location and return to the temporary duty assignment, over the constructive costs of round trip travel between the official station and the alternate location. The actual cost of travel will be the transportation expenses incurred and en route per diem for the travel as actually performed from the point of interruption to the alternate location and from the alternate location to the temporary duty assignment. (No per diem is allowed for the time spent at the alternate location.) The constructive cost of travel is the sum of transportation expenses the employee would reasonably have incurred for round trip travel between the official station and the alternate location (had the travel begun at the official station) plus per diem calculated for the appropriate en route travel time. The excess cost that may be reimbursed is the difference between the two calculations.

11-0106. PERSONAL EMERGENCY SITUATION.

a. Return to Official Station or Home. When an employee discontinues a temporary duty assignment before its completion because of a personal emergency situation, expenses of appropriate transportation and per diem while en route may be allowed, with the approval of the official originally authorizing the official travel, for return travel from the point of interruption to the official station. If, when the personal emergency situation has been resolved, the agency decides that it is in the Government's interest to return the employee to the temporary duty location, such return is considered to be a new travel assignment at Government expense.

b. Travel to an Alternate Location and Return to the Temporary Duty Assignment. When an employee, with the approval of the official originally authorizing the official travel, interrupts a temporary duty assignment because of a personal emergency situation, and takes leave of absence for travel to an alternate location where the personal emergency exists, and returns to the temporary duty assignment, reimbursement may be allowed for certain excess travel costs (transportation and en route per diem) to the same extent as provided for travel due to incapacitating illness or injury of the employee.

11-0107. PROCUREMENT OF TRANSPORTATION.

a. Use of Discount Fares. The discount fares offered by contract air carriers in certain city pairs, as well as other reduced fares available to Federal travelers on official business, should be used to the extent possible for travel authorized or approved under this chapter.

b. Return to Official Station. When the employee is authorized emergency return travel to the official station from the point of interruption or discontinuance of the travel assignment, appropriate transportation services may be purchased by the agency or the employee. The unused return portion of round trip transportation tickets procured for the travel assignment will be used if appropriate for the mode of transportation required for the emergency travel. If not used, the employee will ensure that all unused tickets are properly accounted for.

c. <u>Travel to Alternate Location</u>. Employees generally will be required to use personal funds for emergency travel to an alternate location and return to the temporary duty assignment. However, the Department-authorized travel charge card may be used for this purpose. If the employee does not have sufficient personal funds available and is not a charge card holder, the employee may be furnished either transportation or an appropriate travel advance by the agency. The employee, upon completion of the emergency travel, will reimburse the Government for any cost of such transportation or travel advance that is above the amount of allowable reimbursement.

TABLE OF CONTENTS

CHAPTER 12
EXPENSES FOR THREATENED LAW ENFORCEMENT/INVESTIGATIVE EMPLOYEES

Vertical line denotes change.

CHAPTER 12. EXPENSES FOR THREATENED LAW ENFORCEMENT/INVESTIGATIVE EMPLOYEES

12-0101. <u>AUTHORITY</u>. Subsistence and certain transportation expenses may be authorized or approved for threatened eligible individuals whose lives are placed in jeopardy as a result of the employee's assigned duties and who, as a protective measure, are moved to temporary living accommodations at or away from the official station within or outside the continental United States (CONUS).

12-0102. <u>DELEGATION OF AUTHORITY</u>. The authority to authorize or approve payment of subsistence and transportation expenses under this chapter will not be redelegated below the Associate Administrator or Regional Director/Administrator or District Commander levels. Within the Office of the Secretary, only officials at or above the Departmental Officer or the Deputy Assistant Secretary levels may exercise this authority.

12-0103. <u>ELIGIBLE INDIVIDUALS</u>. Employees who specifically serve in a law enforcement, investigative, or similar capacity, or other Federal employees detailed into these capacities for specific law enforcement/investigational purposes, are eligible for the allowances covered by this chapter. (The employing agency will be deemed to be the one to which the employee was assigned at the time of the threat.) Members of these employees' immediate families also are eligible.

12-0104. <u>PROCEDURES FOR EVALUATING RISK TO THREATENED INDIVIDUALS</u>. When a situation occurs that appears to be life-threatening, the Department's first responsibility is to take any appropriate action necessary, including removal from the home, to protect the eligible individual(s). The Criminal Division of the Department of Justice (DOJ) may be asked to assist in determining the degree and seriousness of the threat. The approving official, however, ultimately is responsible for deciding in each individual case, based on an assessment of the situation (and the advice of the DOJ, if requested and furnished), whether protective action should be initiated, or continued if already undertaken, and the amount of subsistence and transportation expenses that will be approved. At 30-day intervals, the approving official will reevaluate the situation and decide whether any further extension of the time period is appropriate.

12-0105. <u>LIMITS ON DURATION OF TEMPORARY LIVING ACCOMMODATIONS</u>. Subsistence payments may begin as soon as it is determined that the provisions of this chapter should be invoked in a particular situation. Normally, subsistence payments may be allowed for a period of no more than 60 days; the approving official may, however, approve extensions of the time

Vertical line denotes change.

period. If the threatened individuals are directed to moveimmediately into temporary accommodations while an assessment is made of the degree and seriousness of the threat, subsistence payments for this period may be allowed, even when it is ultimately determined that the threat is not serious or no longer exists and it is decided to return the individuals to their home. When necessary occupancy of temporary living accommodations is expected to exceed 120 days, the approving official should consider whether permanently relocating the employee would be advantageous given the specific nature of the threat, the continued disruption of the family, and the alternative costs of a change of official station.

12-0106. LOCATION OF TEMPORARY LIVING ACCOMMODATIONS. The temporary living accommodations may be located in the vicinity of the employee's official station or at an alternate location away from the official station as circumstances warrant. When justified, the employee and immediate family members may occupy temporary living accommodations at different locations. The approving official will designate the appropriate locations.

12-0107. EXPENSES COVERED. Payments under this authority are intended to cover only reasonable and necessary subsistence expenses actually incurred incident to the occupancy of temporary living accommodations. Subsistence payments under this chapter generally will be limited to the cost of lodgings. However, certain expenses for meals, laundry, and cleaning of clothing may be allowed as provided below.

12-0108. LODGING COSTS.

a. Allowable Costs for Daily Rentals. The same costs allowed for lodging facilities obtained in connection with temporary duty travel may be allowed for temporary living accommodations under this chapter.

b. Allowable Types of Costs for Other-Than-Daily Rentals. When an eligible individual rents lodgings on an other-than-daily basis for temporary occupancy under this chapter, the allowable costs shall be converted to a daily basis using the general guidelines which apply to lodgings obtained in connection with temporary duty travel.

12-0109. DETERMINING OTHER ALLOWABLE EXPENSES. Costs of food, laundry, and cleaning of clothing are expenses incurred in day-to-day living. Such expenses should be considered the responsibility of the employee and normally will not be reimbursed. However, if temporary living accommodations do not contain cooking and/or laundry facilities, or other extenuating circumstances are present, certain of these expenses may be allowed to the extent determined appropriate by the approving official.

12-0110. MAXIMUM ALLOWABLE AMOUNT.

a. Method of Computation. The actual amount of allowable expenses incurred in each 30-day period (or fraction thereof) may be approved up to a maximum amount based on the daily limitations calculated under b, below, multiplied by 30 (or the actual number of days used if fewer than 30). The daily actual subsistence expenses required to be itemized will be totaled for each 30-day period (or fraction thereof) and compared with the maximum allowable for the particular period.

b. Daily Limitations. The maximum amount of subsistence payments for each 30-day period (or fraction thereof) will be based on daily limitations calculated as provided below. If subsistence payments are authorized only for lodging costs, the daily limitations will be reduced appropriately.

(1) For the employee, or for the unaccompanied spouse (one who necessarily occupies temporary accommodations without the employee or in a location separate from the employee), the daily limitation will be an amount prescribed by the agency that will not exceed the applicable maximum per diem rate for the location of the temporary living accommodations.

(2) For the spouse accompanied by the employee, the daily limitation will not exceed three-fourths of the employee's daily limitation.

(3) For each other member of the employee's immediate family who is 12 years of age or older, the daily limitation will not exceed three-fourths of the daily limitation established for the employee or the unaccompanied spouse, as appropriate.

(4) For each member of the employee's immediate family who is under 12 years of age, the daily limitation will not exceed one-half of the daily limitation established above for the employee or the unaccompanied spouse, as appropriate.

Vertical line denotes change.

(5) For each member of the immediate family who necessarily occupies temporary living accommodations without, or at a location separate from, either the employee or the spouse, the approving official may, when the limitations stated in (3) and (4), above, are inadequate, establish an appropriate higher daily limitation, that is within the limitation prescribed in (1), above.

12-0111. ITEMIZATION AND RECEIPTS. The actual expenses will be itemized to permit a review of the amounts spent daily for (1) lodging, (2) meals, and (3) other allowable items of subsistence expenses. Receipts will be required for lodging and for any other allowable expenses.

12-0112. TRANSPORTATION TO AND FROM A LOCATION AWAY FROM THE EMPLOYEE'S DESIGNATED POST OF DUTY. The approving official may approve the payment of transportation expenses when a situation requires the employee and/or members of the immediate family to be temporarily relocated to a place away from the employee's designated post of duty.

12-0113. AUTHORIZATION AND PAYMENT OF CLAIMS. Due to the unique nature of the situations covered under this chapter, the issuance of authorizations and payment of claims must be handled under specific procedures which ensure timely action while fully guaranteeing the security of the information involved and the privacy of the associated individuals.

12-0114. ADVANCE OF FUNDS. Funds may be advanced for subsistence and transportation expenses covered under this chapter. The advance of funds will be at intervals prescribed by the agency but for no more than a 30-day period at a time. The advance procedures in chapter 6 of this Manual will apply.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL

Table 1. Federal Tax Rates by Filing Status for Years 1983-84

Marginal Tax Rate	Single Taxpayer		Heads of Household		Married Filing Jointly/Qualifying Widows & Widowers		Married Filing Separately	
	Over	But not over	Over	But not over	Over	But not over	Over	But not over
11 %	$3,519	$4,692	$5,742	$7,845	$8,265	$10,356	$4,017	$5,220
12 %	4,692	5,812	7,845	9,830	10,356	12,587	5,220	6,514
14 %	5,812	8,010	9,830	11,979	12,587	17,415	6,514	8,215
15 %	8,010	10,102	N/A	N/A	N/A	N/A	N/A	N/A
16 %	10,102	12,586	N/A	N/A	17,415	22,090	8,215	10,524
17 %	N/A	N/A	11,979	15,480	N/A	N/A	N/A	N/A
18 %	12,586	14,953	15,480	19,216	22,090	26,915	10,524	13,105
20 %	14,953	17,340	19,216	23,330	N/A	N/A	N/A	N/A
22 %	N/A	N/A	N/A	N/A	26,915	32,198	13,105	15,068
23 %	17,340	21,186	N/A	N/A	N/A	N/A	N/A	N/A
24 %	N/A	N/A	23,330	29,738	N/A	N/A	N/A	N/A
25 %	N/A	N/A	N/A	N/A	32,198	38,335	15,068	18,748
26 %	21,186	27,362	N/A	N/A	N/A	N/A	N/A	N/A
28 %	N/A	N/A	29,738	35,682	38,335	45,082	18,748	21,934
30 %	27,362	34,022	N/A	N/A	N/A	N/A	N/A	N/A
32 %	N/A	N/A	35,682	43,397	N/A	N/A	N/A	N/A
33 %	N/A	N/A	N/A	N/A	45,082	58,888	21,934	27,415
34 %	34,022	41,150	N/A	N/A	N/A	N/A	N/A	N/A
35 %	N/A	N/A	43,397	59,143	N/A	N/A	N/A	N/A
38 %	41,150	49,875	N/A	N/A	58,888	78,203	27,415	35,991
42 %	49,875	64,832	59,143	78,622	78,203	107,463	35,991	49,858
45 %	N/A	N/A	78,622	101,019	107,463	132,836	49,858	62,195
48 %	64,832	92,257	101,019	128,517	N/A	N/A	N/A	N/A
49 %	N/A	N/A	N/A	N/A	132,836	186,961	62,195	89,006
50 %	92,257	---	128,517	---	186,961	---	89,006	---

Vertical line denotes change.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 2. State Tax Rates for Years 1983-84

Marginal tax rates (stated in percents) for the earned income amounts specified in each column. 1/ 2/

State (or district)	$20,000-24,999	$25,000-49,999	$50,000-74,999	$75,000 & OVER
1. Alabama	5	5	5	5
2. Alaska	0	0	0	0
3. Arizona	8	8	8	8
4. Arkansas	6	7	7	7
5. California	3	7	11	11
if single status 3/	8	11	11	11
6. Colorado	8	8	8	8
7. Connecticut	0	0	0	0
8. Delaware	8.4	11	13.5	13.5
if single status 3/	8.8	12.2	13.5	13.5
9. District of Columbia	10	11	11	11
10. Florida	0	0	0	0
11. Georgia	6	6	6	6
12. Hawaii	8.5	10	10.5	11
if single status 3/	10.5	11	11	11
13. Idaho	7.5	7.5	7.5	7.5
14. Illinois	2.5	2.5	2.5	2.5
15. Indiana	3	3	3	3
16. Iowa	8	11	12	13
17. Kansas	7.5	9	9	9
18. Kentucky	6	6	6	6
19. Louisiana	4	4	6	6
20. Maine	8	9.2	10	10
if single status 3/	9.2	10	10	10
21. Maryland	5	5	5	5
22. Massachusetts	5.375	5.375	5.375	5.375

Vertical line denotes change.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 2. State Tax Rates for Years 1983-84 (continued)

State (or district)	Marginal tax rates (stated in percents) for the earned income amounts specified in each column. 1/ 2/			
	$20,000-24,999	$25,000-49,999	$50,000-74,999	$75,000 & OVER
23. Michigan	5.35	5.35	5.35	5.35
24. Minnesota	14	16	16	16
25. Mississippi	5	5	5	5
26. Missouri	6	6	6	6
27. Montana	9	10	11	11
28. Nebraska	* 19 percent of Federal income tax liability. 4/			
29. Nevada	0	0	0	0
30. New Hampshire	0	0	0	0
31. New Jersey	2	2.5	3.5	3.5
32. New Mexico	3.9	5.6	6.5	7.8
if single status 3/	6.1	6.9	7.4	7.8
33. New York	11	14	14	14
if single status 3/	13	14	14	14
34. North Carolina	7	7	7	7
35. North Dakota	6	8	9	9
36. Ohio	4.75	5.7	6.65	9.5
37. Oklahoma	6	6	6	6
38. Oregon	10.8	10.8	10.8	10.8
39. Pennsylvania	2.35	2.35	2.35	2.35
40. Rhode Island	* 25.5 percent of Federal income tax liability. 4/			
41. South Carolina	7	7	7	7
42. South Dakota	0	0	0	0
43. Tennessee	0	0	0	0
44. Texas	0	0	0	0
45. Utah	7.75	7.75	7.75	7.75
46. Vermont	* 26 percent of Federal income tax liability. 4/			

Vertical line denotes change.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 2. State Tax Rates for Years 1983-84 (continued)

State (or district)	Marginal tax rates (stated in percents) for the earned income amounts specified in each column. 1/ 2/			
	$20,000-24,999	$25,000-49,999	$50,000-74,999	$75,000 & OVER
47. Virginia	5.75	5.75	5.75	5.75
48. Washington	0	0	0	0
49. West Virginia	3.5	7.4	10.5	13
if single status 3/	8.2	12.6	13	13
50. Wisconsin	8.7	9.5	10	10
51. Wyoming	0	0	0	0

1/ Earned income amounts that fall between the income brackets shown in this table (e.g., $24,999.45, $49,999.75, etc.) should be rounded to the nearest dollar to determine the marginal tax rate to be used in calculating the RIT allowance.

2/ If the earned income amount is less than the lowest income bracket shown in this table, see par. 5-1208e(b).

3/ This rate applies only to those individuals certifying that they will file under a single status within the States where they will pay income taxes. All other taxpayers, regardless of filing status, will use the other rate shown.

4/ Rates shown as a percent of Federal income tax liability must be converted to a percent of income.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 3. Federal Tax Rates by Filing Status for Year 1985

Marginal Tax Rate	Single Taxpayer		Heads of Household		Married Filing Jointly/Qualifying Widows & Widowers		Married Filing Separately	
	Over	But not over	Over	But not over	Over	But not over	Over	But not over
11 %	$3,455	$4,668	$4,834	$7,245	$7,770	$ 9,566	$3,329	$4,460
12 %	4,668	5,865	7,245	9,726	9,566	12,134	4,460	5,767
14 %	5,865	8,209	9,726	12,174	12,134	17,001	5,767	8,384
15 %	8,209	10,420	N/A	N/A	N/A	N/A	N/A	N/A
16 %	10,420	12,957	N/A	N/A	17,001	21,757	8,384	10,689
17 %	N/A	N/A	12,174	15,623	N/A	N/A	N/A	N/A
18 %	12,957	15,242	15,623	19,303	21,757	26,795	10,689	13,161
20 %	15,242	17,601	19,303	23,250	N/A	N/A	N/A	N/A
22 %	N/A	N/A	N/A	N/A	26,795	32,275	13,161	15,569
23 %	17,601	21,513	N/A	N/A	N/A	N/A	N/A	N/A
24 %	N/A	N/A	23,250	29,995	N/A	N/A	N/A	N/A
25 %	N/A	N/A	N/A	N/A	32,275	39,016	15,569	18,966
26 %	21,513	28,102	N/A	N/A	N/A	N/A	N/A	N/A
28 %	N/A	N/A	29,995	37,075	39,016	46,428	18,966	22,953
30 %	28,102	35,112	N/A	N/A	N/A	N/A	N/A	N/A
32 %	N/A	N/A	37,075	44,145	N/A	N/A	N/A	N/A
33 %	N/A	N/A	N/A	N/A	46,428	60,694	22,953	29,565
34 %	35,112	42,507	N/A	N/A	N/A	N/A	N/A	N/A
35 %	N/A	N/A	44,145	59,644	N/A	N/A	N/A	N/A
38 %	42,507	53,394	N/A	N/A	60,694	80,537	29,565	39,359
42 %	53,394	72,157	59,644	83,982	80,537	114,119	39,359	54,702
45 %	N/A	N/A	83,982	113,966	114,119	147,522	54,702	75,409
48 %	72,157	101,995	113,966	145,359	N/A	N/A	N/A	N/A
49 %	N/A	N/A	N/A	N/A	147,522	207,441	75,409	110,906
50 %	101,995	---	145,359	---	207,441	---	110,906	---

Vertical line denotes change.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 4. State Tax Rates for Year 1985

Marginal tax rates (stated in percents) for the earned income amounts specified in each column. 1/ 2/

State (or district)	$20,000-24,999	$25,000-49,999	$50,000-74,999	$75,000 & OVER
1. Alabama	5	5	5	5
2. Alaska	0	0	0	0
3. Arizona	8	8	8	8
4. Arkansas	6	7	7	7
5. California	3	7	11	11
if single status 3/	8	11	11	11
6. Colorado	8	8	8	8
7. Connecticut	0	0	0	0
8. Delaware	7.6	9.9	10.7	10.7
9. District of Columbia	10	11	11	11
10. Florida	0	0	0	0
11. Georgia	6	6	6	6
12. Hawaii	8.5	10	10.5	11
if single status 3/	10.5	11	11	11
13. Idaho	7.5	7.5	7.5	7.5
14. Illinois	2.5	2.5	2.5	2.5
15. Indiana	3	3	3	3
16. Iowa	8	11	12	13
17. Kansas	7.5	9	9	9
18. Kentucky	6	6	6	6
19. Louisiana	4	4	6	6
20. Maine	7	9.2	10	10
if single status 3/	9.2	10	10	10
21. Maryland	5	5	5	5
22. Massachusetts	5.375	5.375	5.375	5.375

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 4. State Tax Rates for Year 1985 (continued)

State (or district)	Marginal tax rates (stated in percents) for the earned income amounts specified in each column. 1/ 2/			
	$20,000-24,999	$25,000-49,999	$50,000-74,999	$75,000 & OVER
23. Michigan	5.35	5.35	5.35	5.35
24. Minnesota	14	16	16	16
25. Mississippi	5	5	5	5
26. Missouri	6	6	6	6
27. Montana	9	10	11	11
28. Nebraska	* 19 percent of Federal income tax liability. 4/			
29. Nevada	0	0	0	0
30. New Hampshire	0	0	0	0
31. New Jersey	2	2.5	3.5	3.5
32. New Mexico	3.5	5.6	6.5	7.8
if single status 3/	6.1	6.9	7.4	7.8
33. New York	11	14	14	14
if single status 3/	13	14	14	14
34. North Carolina	7	7	7	7
35. North Dakota	6	8	9	9
36. Ohio	4.75	5.7	6.65	9.5
37. Oklahoma	6	6	6	6
38. Oregon	10.8	10.8	10.8	10.8
39. Pennsylvania	2.35	2.35	2.35	2.35
40. Rhode Island	* 23.15 percent of Federal income tax liability. 4/			
41. South Carolina	7	7	7	7
42. South Dakota	0	0	0	0
43. Tennessee	0	0	0	0
44. Texas	0	0	0	0
45. Utah	7.75	7.75	7.75	7.75
46. Vermont	* 26.5 percent of Federal income tax liability. 4/			

Vertical line denotes change.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 4. State Tax Rates for Year 1985 (continued)

State (or district)	$20,000-24,999	$25,000-49,999	$50,000-74,999	$75,000 & OVER
	Marginal tax rates (stated in percents) for the earned income amounts specified in each column. 1/ 2/			
47. Virginia	5.75	5.75	5.75	5.75
48. Washington	0	0	0	0
49. West Virginia	3.5	7.4	10.5	13
if single status 3/	8.2	12.6	13	13
50. Wisconsin	8.7	9.5	10	10
51. Wyoming	0	0	0	0

1/ Earned income amounts that fall between the income brackets shown in this table (e.g., $24,999.45, $49,999.75, etc.) should be rounded to the nearest dollar to determine the marginal tax rate to be used in calculating the RIT allowance.

2/ If the earned income amount is less than the lowest income bracket shown in this table, see par. 5-1208e(2)(b).

3/ This rate applies only to those individuals certifying that they will file under a single status within the States where they will pay income taxes. All other taxpayers, regardless of filing status, will use the other rate shown.

4/ Rates shown as a percent of Federal income tax liability must be converted to a percent of income.

Vertical line denotes change.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 5. Federal Tax Rates by Filing Status for Year 1986

Marginal Tax Rate	Single Taxpayer		Heads of Household		Married Filing Jointly/Qualifying Widows & Widowers		Married Filing Separately	
	Over	But not over	Over	But not over	Over	But not over	Over	But not over
11%	$6,180	$7,370	$6,782	$9,533	$9,670	$11,795	$5,840	$7,879
12%	7,370	8,450	9,533	10,523	11,795	13,739	7,879	9,665
14%	8,450	10,710	10,523	12,705	13,739	18,356	9,665	11,000
15%	10,710	11,775	N/A	N/A	N/A	N/A	N/A	N/A
16%	11,775	13,197	N/A	N/A	18,356	23,068	11,000	11,600
17%	N/A	N/A	12,705	16,050	N/A	N/A	N/A	N/A
18%	13,197	15,648	16,050	19,764	23,068	27,963	11,600	13,947
20%	15,648	18,108	19,764	23,841	N/A	N/A	N/A	N/A
22%	N/A	N/A	N/A	N/A	27,963	33,533	13,947	16,843
23%	18,108	22,040	N/A	N/A	N/A	N/A	N/A	N/A
24%	N/A	N/A	23,841	29,849	N/A	N/A	N/A	N/A
25%	N/A	N/A	N/A	N/A	33,533	40,202	16,843	20,297
26%	22,040	28,198	N/A	N/A	N/A	N/A	N/A	N/A
28%	N/A	N/A	29,849	35,320	40,202	46,870	20,297	22,659
30%	28,198	33,918	N/A	N/A	N/A	N/A	N/A	N/A
32%	N/A	N/A	35,320	41,715	N/A	N/A	N/A	N/A
33%	N/A	N/A	N/A	N/A	46,870	59,477	22,659	30,364
34%	33,918	40,741	N/A	N/A	N/A	N/A	N/A	N/A
35%	N/A	N/A	41,715	54,643	N/A	N/A	N/A	N/A
38%	40,741	47,419	N/A	N/A	59,477	76,132	30,364	44,795
42%	47,419	64,468	54,643	74,430	76,132	104,120	44,795	55,653
45%	N/A	N/A	74,430	112,442	104,120	128,224	55,653	69,383
48%	64,468	96,172	112,442	129,934	N/A	N/A	N/A	N/A
49%	N/A	N/A	N/A	N/A	128,224	183,988	69,383	106,160
50%	96,172	---	129,934	---	183,988	---	106,160	---

N/A means tax rate not applicable for filing status.

Vertical line denotes change.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 6. State Tax Rates for Year 1986

Marginal tax rates (stated in percents) for the earned income amounts specified in each column. 1/ 2/

State (or district)	$20,000-24,999	$25,000-49,999	$50,000-74,999	$75,000 & OVER
1. Alabama	5%	5%	5%	5%
2. Alaska	0	0	0	0
3. Arizona	8	8	8	8
4. Arkansas	6	7	7	7
5. California	3	7	11	11
if single status 3/	8	11	11	11
6. Colorado	8	8	8	8
7. Connecticut	0	0	0	0
8. Delaware	6.9	9.0	9.7	9.7
9. District of Columbia	10	11	11	11
10. Florida	0	0	0	0
11. Georgia	6	6	6	6
12. Hawaii	8.5	10.0	10.5	11
if single status 3/	10.5	11	11	11
13. Idaho	7.5	7.5	7.5	7.5
14. Illinois	2.5	2.5	2.5	2.5
15. Indiana	3	3	3	3
16. Iowa	8	11	12	13
17. Kansas	7.5	9	9	9
18. Kentucky	6	6	6	6
19. Louisiana	4	4	6	6
20. Maine	7	9.2	10	10
if single status 3/	9.2	10	10	10
21. Maryland	5%	5%	5%	5%
22. Massachusetts	5.19	5.19	5.19	5.19
23. Michigan	4.725	4.725	4.725	4.725
24. Minnesota	11	14	14	14
if single status 3/	14	14	14	14

Vertical line denotes change.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 6. State Tax Rates for Year 1986 (continued)

Marginal tax rates (stated in percents) for the earned income amounts specified in each column. 1/ 2/

State (or district)	$20,000-$24,999	$25,000-49,999	$50,000-74,999	$75,000 & OVER
25. Mississippi	5	5	5	5
26. Missouri	6	6	6	6
27. Montana	9	10	11	11
28. Nebraska	*tax 19% of Federal income tax liability 4/			
29. Nevada	0	0	0	0
30. New Hampshire	0	0	0	0
31. New Jersey	2	2.5	3.5	3.5
32. New Mexico	4.8	6.9	7.7	8.5
33. New York	11	13.5	13.5	13.5
34. North Carolina	7	7	7	7
35. North Dakota	6	8	9	9
36. Ohio	4.513	5.415	6.318	9.025
37. Oklahoma	6	6	6	6
38. Oregon	9.75	9.75	9.75	9.75
39. Pennsylvania	2.167	2.167	2.167	2.167
40. Rhode Island	*tax 22.21% of Federal income tax liability 4/			
41. South Carolina	7	7	7	7
42. South Dakota	0	0	0	0
43. Tennessee	0	0	0	0
44. Texas	0	0	0	0
45. Utah	7.75	7.75	7.75	7.75
46. Vermont	*tax 26.5% of Federal income tax liability 4/			
47. Virginia	5.75	5.75	5.75	5.75
48. Washington	0	0	0	0

Vertical line denotes change.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 6. State Tax Rates for Year 1986 (continued)

Marginal tax rates (stated in percents) for the earned income amounts specified in each column. 1/ 2/

State (or district)	$20,000-24,999	$25,000-49,999	$50,000-74,999	$75,000 & OVER
49. West Virginia	3.5	7.4	10.5	13
if single status 3/	8.2	12.6	12.9	13
50. Wisconsin	9.1	9.5	10	10
51. Wyoming	0	0	0	0

1/ Earned income amounts that fall between the income brackets shown in this table (e.g., $24,999.45, $49,999.75, etc.) should be rounded to the nearest dollar to determine the marginal tax rate to be used in calculating the RIT allowance.

2/ If the earned income amount is less than the lowest income bracket shown in this table, see par. 5-1208e(2)(b).

3/ This rate applies only to those individuals certifying that they will file under a single status within the States where they will pay income taxes. All other taxpayers, regardless of filing status, will use the other rate shown.

4/ Rates shown as a percent of Federal income tax liability must be converted to a percent of income.

APPENDIX G. TABLES OF MARGINAL TAX RATES BY EARNED INCOME LEVEL (continued)

Table 7. Federal Tax Rates by Filing Status for Year 1987

The following table is to be used to determine the Federal marginal tax rate for Year 2 for computation of the RIT allowance as prescribed in par. 5-1208e(1). It is to be used for employees whose Year 1 occurred during calendar years 1983, 1984, 1985, and 1986.

Marginal Tax Rate	Single Taxpayer		Heads of Household		Married Filing Jointly/Qualifying Widows & Widowers		Married Filing Separately:	
	Over	But Not over	Over	But Not over	Over	But Not over	Over	But Not over
11%	$4,650	$6,481	$7,763	$10,309	$10,400	$13,719	$5,811	$7,081
15%	6,481	21,979	10,309	31,379	13,719	40,020	7,081	19,602
28%	21,979	33,433	31,379	47,903	40,020	58,705	19,602	31,572
35%	33,433	58,810	47,903	88,015	58,705	101,432	31,572	54,120
38.5%	58,810	---	88,015	---	101,432	---	54,120	---

Vertical line denotes change.